

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**SB 3657 – HB 3896**

February 24, 2010

**SUMMARY OF BILL:** Deletes special allocations of state sales and use tax revenue to certain premiere type tourist resorts.

**ESTIMATED FISCAL IMPACT:**

**Increase State Revenue - \$5,178,000**

**Decrease Local Revenue - \$5,178,000**

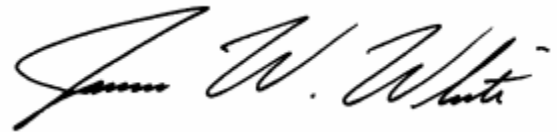
**Assumptions:**

- Pursuant to Tenn. Code Ann. § 67-6-103(a)(3)(B)(i), a municipality having a population of 1,100 or more persons according to the 1970 federal census, or any subsequent federal census, in which at least 40 percent of the assessed valuation, as shown by the tax assessment rolls of books of the municipality, of the real estate in the municipality consists of hotels, motels, tourist courts accommodation, tourist shops and restaurants is defined as a premiere type tourist resort.
- Based on information provided by the Department of Revenue (DOR), the City of Gatlinburg and the City of Pigeon Forge meet the definition of premiere type tourist resorts.
- According to DOR, special allocations to the City of Gatlinburg and the City of Pigeon Forge pursuant to being premiere type tourist resorts totaled approximately \$5,500,000 in FY08-09.
- If this bill is enacted, these two cities would no longer receive the special allocation of state sales tax revenue pursuant to being premier type tourist resorts, but would begin receiving the regular allocation of state sales tax which is based on population. DOR indicates the regular allocation to the two cities combined would be approximately \$322,000.

- The net decrease to local government revenue is estimated to be \$5,178,000 per year (\$5,500,000 - \$322,000 = \$5,178,000); state revenue would increase by \$5,178,000 per year.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible, and "W." in the middle.

James W. White, Executive Director

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